



# House of Representatives

General Assembly

**File No. 447**

January Session, 2009

House Bill No. 6389

*House of Representatives, April 2, 2009*

The Committee on Planning and Development reported through REP. SHARKEY of the 88th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT PROMOTING REGIONALIZATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1     Section 1. (NEW) (*Effective from passage*) Notwithstanding any  
2     provision of the general statutes, any public or special act or any local  
3     charter or home rule ordinance, the chief executive officers of two or  
4     more municipalities seeking to enter into an interlocal agreement  
5     regarding the purchase of goods or equipment, the delivery of a  
6     service or the provision of a function may select a single attorney from  
7     among the counsels for their respective municipalities to review and  
8     approve such agreement and any subagreement that is a part thereto.  
9     Such agreement may provide for the selection by such chief executive  
10    officers of a single office or person to administer the agreement.

11    Sec. 2. (NEW) (*Effective from passage*) There is created a  
12    regionalization incentive grant program that the Secretary of the Office  
13    of Policy and Management shall administer to promote the regional  
14    provision of required governmental functions or services. Grants shall

15 be available for capital infrastructure costs that are or may be incurred  
16 due to the regionalization of a required governmental function or  
17 service or the expansion of such a function or service to a greater  
18 number of municipalities than are providing such a function or service  
19 on a regionalized basis on the effective date of this section. The amount  
20 of any such grant shall be: (1) Not more than three million dollars for  
21 an application submitted jointly by not less than three municipalities  
22 serving a combined population of at least fifty thousand, or (2) not  
23 more than one million dollars for an application submitted jointly by  
24 not less than four municipalities. Any such application shall be made  
25 in the form and manner as the secretary prescribes. In awarding such  
26 grants, the secretary may give priority to consideration of the  
27 regionalization of a function or service or the expansion of a  
28 regionalized function or service that benefits the greatest number of  
29 municipalities or the greatest population and that, in the opinion of the  
30 secretary, has the potential of providing the greatest savings to  
31 participating municipalities. Costs associated with planning shall not  
32 be eligible for a grant under this section.

33 Sec. 3. (NEW) (*Effective from passage*) There is created a municipal  
34 capital equipment purchase grant program that the Secretary of the  
35 Office of Policy and Management shall administer. The purpose of  
36 such program shall be to encourage the joint acquisition by  
37 municipalities of equipment necessary to the performance or delivery  
38 of a required governmental function or service. Any such equipment  
39 may be acquired by exercise of prepayment or purchase options in  
40 existing capital leases entered into by such municipalities. Grants shall  
41 be available for acquisition costs of (1) equipment that has an  
42 anticipated remaining useful life of not less than five years from the  
43 date of purchase, including data processing equipment that has a unit  
44 price of less than one thousand dollars, or (2) a maintenance vehicle,  
45 pick-up truck, tractor, truck tractor or utility trailer, as defined in  
46 section 14-1 of the general statutes, or any similar type of vehicle that  
47 municipalities use in the performance or delivery of a required  
48 governmental function or service. Application for such grant shall be  
49 made in the form and manner as the secretary prescribes. The grant

50 payable under this section shall be seventy-five per cent of the total  
51 cost each municipality incurs or will incur due to the joint acquisition  
52 of eligible equipment, or two hundred fifty thousand dollars,  
53 whichever is less.

54 Sec. 4. (NEW) (*Effective from passage*) Any municipality that has  
55 entered into an interlocal agreement to carry out a function or service  
56 pursuant to section 7-148cc of the general statutes and section 2 of this  
57 act, which has been approved by the Secretary of the Office of Policy  
58 and Management and without regard to whether any funds are  
59 provided under said section 2, shall receive a bonus entitlement from  
60 the proceeds of the Local Capital Improvement Fund established  
61 under section 7-535 of the general statutes. Such bonus entitlement  
62 shall equal ten per cent of such municipality's entitlement under  
63 section 7-536 of the general statutes for the fiscal year preceding that in  
64 which the secretary first determines that the municipality meets the  
65 regionalization incentive grant program's eligibility requirements. The  
66 municipality shall receive such bonus entitlement, which shall be  
67 added to the amount of the municipality's entitlement as determined  
68 in accordance with this section and said section 7-536, in each of the  
69 three fiscal years following the fiscal year in which the secretary  
70 determines the municipality's eligibility for such bonus entitlement. In  
71 each such year, the secretary shall deduct the total amount of bonus  
72 entitlements for which all eligible municipalities qualify from the  
73 amount to be allocated from the proceeds of the Local Capital  
74 Improvement Fund before determining each municipality's  
75 entitlement in accordance with section 7-536 of the general statutes.

76 Sec. 5. (NEW) (*Effective from passage*) Any municipality that has  
77 entered into an interlocal agreement to carry out a function or service  
78 pursuant to section 7-148cc of the general statutes and section 2 of this  
79 act, which has been approved by the Secretary of the Office of Policy  
80 and Management and without regard to whether any funds are  
81 provided under said section 2, shall receive a bonus grant from the  
82 funds appropriated to the Commissioner of Transportation for town  
83 aid road fund grants, pursuant to sections 13a-175a to 13a-175e,

84 inclusive, of the general statutes and section 13a-175i of the general  
85 statutes. Such bonus grant shall equal ten per cent of such  
86 municipality's town aid road fund grant for the fiscal year preceding  
87 that in which the secretary first determines that the municipality meets  
88 the regionalization incentive grant program's eligibility requirements.  
89 The municipality shall receive such bonus grant, which shall be added  
90 to the amount of the municipality's town aid road fund grant as  
91 determined in accordance with this section and sections 13a-175a to  
92 13a-175e, inclusive, of the general statutes, and section 13a-175i of the  
93 general statutes, in each of the three fiscal years following the fiscal  
94 year in which the secretary determines the municipality's eligibility for  
95 such bonus grant. In each such year, the Commissioner of  
96 Transportation shall deduct the total amount of bonus grants for which  
97 all eligible municipalities qualify from the amount to be distributed in  
98 town aid road fund grants before determining each municipality's  
99 grant under sections 13a-175a to 13a-175e, inclusive, of the general  
100 statutes, and section 13a-175i of the general statutes.

101 Sec. 6. (NEW) (*Effective from passage*) On or before December 31, 2010,  
102 and annually thereafter, the Secretary of the Office of Policy and  
103 Management shall, within available appropriations, conduct or  
104 sponsor a regional incentive seminar in order to apprise local  
105 governmental officials of the cost benefits of engaging in a regional  
106 approach to the delivery of services and purchase of goods. To the  
107 extent possible, municipalities that have adopted successful regional  
108 endeavors shall participate in such seminar.

109 Sec. 7. (NEW) (*Effective from passage*) Notwithstanding the provisions  
110 of section 12-62 of the general statutes, the Secretary of the Office of  
111 Policy and Management may grant any town an extension, not  
112 exceeding two years, of the date by which the town shall implement a  
113 revaluation if the secretary determines that the town's inability to enter  
114 into an interlocal agreement for the services of a revaluation company  
115 is due solely to the year by which the town shall effect a revaluation  
116 pursuant to said section 12-62. The chief executive officer of a town  
117 seeking such an extension shall submit a written extension request to

118 said secretary, together with a letter signed by the chief executive  
 119 officer of any other town or towns with which the town requesting  
 120 extension intends to enter into such an agreement. The letter from the  
 121 chief executive officer of such other town or towns shall indicate such  
 122 officer's or officers' willingness to enter into an interlocal agreement for  
 123 revaluation company services with the town requesting such  
 124 extension. The secretary shall send notice of any extension granted  
 125 under this section to the chief executive officer of the town that  
 126 submitted the extension request, and shall send a copy of said notice to  
 127 each chief executive officer that signed such letter or letters.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section

**PD**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Policy & Mgmt., Off.	GF - Cost	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:**

Municipalities	Effect
Various Municipalities	See Below

### **Explanation**

Section 2 creates a regionalization incentive grant program that is administered by the Office of Policy and Management (OPM). The Governor's proposed capital budget provides \$40 million in General Obligation (GO) bond funds for these grants in FY 10 and no additional funds in FY 11. It is anticipated that OPM can administer this program within the agency's normal budgetary resources.

Section 3 creates a municipal capital equipment purchase grant program that is administered by OPM. The Governor's proposed capital budget provides \$10 million in GO bond funds for these grants in FY 10 and no additional funds in FY 11. It is anticipated that OPM can administer this program within the agency's normal budgetary resources.

Section 4 permits municipalities that have entered into interlocal service agreements to receive a 10% bonus that is added to their regular Local Capital Improvement Program (LoCIP) entitlement. This has no state fiscal impact because the bill deducts the total amount of bonus entitlements from the pool of funds that will be distributed to towns for their regular entitlements under LoCIP. The LoCIP program is funded with GO bonds. The current unallocated balance for the

program is \$26.1 million. The Governor's proposed capital budget provides \$30 million in each of FY 10 and FY 11.

Section 5 permits municipalities that have entered into interlocal service agreements to receive a 10% bonus that is added to their regular Town Aid Road (TAR) grant. This has no state fiscal impact because the bill deducts the total amount of bonus grants from the pool of funds that will be distributed to towns for their regular grants under the TAR program. Between FY 06 and FY 09 TAR was funded with \$30 million per year, which included \$22 million from the Special Transportation Fund (STF) and \$8 million from General Fund budget surpluses. The Governor's proposed budget provides \$22 million from the STF in each of FY 10 and FY 11.

Section 6 requires OPM to conduct a regional seminar within available appropriations.

Section 7 allows OPM to grant any town an extension of up to two years to implement a revaluation under certain conditions. This could 1) defer changes to a town's grand list that occur as a result of revaluation, and 2) delay the costs associated with conducting a revaluation. The average cost to a town to conduct a revaluation is approximately \$35 to \$40 per parcel but can range from \$25 to \$60 per parcel depending on the scope of the project and the number of parcels.

Section 1 has no fiscal impact.

The municipal impact of the changes to the LoCIP Program and the TAR Program will depend on whether a municipality has entered into an interlocal service agreement under the provisions of Section 1. Towns that enter into such agreements will receive 10% bonus payments under both programs while towns that do not do so will receive lower amounts than they previously derived from these sources.

**OLR Bill Analysis****HB 6389*****AN ACT PROMOTING REGIONALIZATION.*****SUMMARY:**

This bill provides procedural and financial incentives for municipalities to perform functions or deliver services regionally. The law allows municipalities to do this through interlocal agreements and provides procedures for negotiating them. The bill makes it easier for them to enter into these agreements by allowing them to select one of their attorneys to review and approve the agreement. It also allows them to appoint one person or officer to administer it.

The bill provides funds for performing functions and delivering services regionally. It provides separate grants for developing the infrastructure and purchasing equipment municipalities need to operate regionally. The law provides grants for delivering services, but municipalities can access them only through their respective regional planning organizations (CGS § 7-124s). The bill also provides extra Local Capital Improvement Program (LoCIP) and Town Road Aid funds to municipalities that perform functions or delivery services regionally.

The bill requires the Office of Policy and Management (OPM) secretary to hold annual seminars for municipalities on how they can benefit from operating regionally. The secretary must do this within available appropriations.

Lastly, the bill allows municipalities to delay a property tax revaluation for up to two years if they are unable to enter into an interlocal agreement with a private revaluation company.

EFFECTIVE DATE: Upon passage



**ENTERING INTO INTERLOCAL AGREEMENTS**

The law provides two procedures for entering into interlocal agreements. One requires a public hearing on the proposed agreement followed by legislative body approval. The other requires legislative body approval and five-year reviews.

The bill allows the chief executive officers (CEOs) of the municipalities negotiating an agreement under either procedure to select one of their municipal attorneys to review and approve it and any sub agreements. The CEOs may do this for any agreement to purchase goods and equipment, deliver a service, or perform a function. The bill also allows the CEOs to select one office or person to administer it.

**INCENTIVE GRANT PROGRAMS****§ 2 — *Regionalization Incentive Grant Program***

The bill authorizes OPM-administered grants for the actual or anticipated costs of developing capital infrastructure needed to perform a function or provide a service regionally or extend an existing function or service to more municipalities. Municipalities cannot use the grants for planning costs. Existing law authorizes grants for delivering municipal services on a regional basis, but municipalities can access them through only their respective regional planning organizations (CGS § 7-124s).

The maximum grant amounts vary depending on the number of municipalities proposing to perform the function or deliver the service. The OPM secretary may provide up to \$3 million for an application submitted by at least three municipalities with a combined population of at least 50,000 people. He may provide up to \$1 million grants for an application submitted by at least four municipalities regardless of their combined population.

The secretary must prescribe the format for submitting applications. In awarding grants, he may give priority to applications that benefit the greatest number of municipalities or the greatest population and to

those that generate the greatest savings.

### **§ 3 — Municipal Capital Equipment Purchase Grant Program**

The bill also authorizes grants for jointly acquiring capital equipment needed to perform functions or deliver services. Municipalities may use the grants to purchase:

1. a specified range of trucks and other vehicles needed to perform a function or deliver a service or
2. equipment with an anticipated remaining useful life of at least five years from its purchase date, including data processing equipment with a unit price less than \$1,000.

Municipalities may acquire this equipment through prepayment or purchase options under existing capital leases.

The secretary must prescribe how to apply for the grants, which must cover 75% of the total cost each participating municipality incurs or will incur by jointly purchasing the equipment or \$250,000, whichever is less.

## **BONUS FUNDS**

### ***LoCIP Funds***

The bill authorizes extra LoCIP funds for municipalities that executed interlocal agreements and applied for the infrastructure grants the bill authorizes. The interlocal agreement must be the type that requires legislative body approval and five-year reviews. The state funds LoCIP grants with General Obligation bonds and allocates the proceeds to municipalities based on a statutory formula.

The bonus equals 10% of the LoCIP grant a municipality received for the fiscal year preceding the year the secretary approved its infrastructure grant regardless of whether it actually received that grant. The municipality qualifies for the bonus regardless of whether it received a regionalization grant. It gets the LoCIP bonus for three consecutive years.

The bill requires the secretary to deduct the bonus funds from the total LoCIP allocation and then calculate each municipality's annual grant.

### **Road Aid Grants**

The bill authorizes bonus road aid grants under the same conditions as it authorizes bonus LoCIP grants. The grants equal 10% of a municipality's road aid grant for fiscal year during which the municipality the secretary approved its application for infrastructure grants. The municipality receives bonus grants for three years, starting with the year after it qualified for them. The transportation commissioner must deduct the bonus grant amounts from the total allocated for road aid and then calculate each municipality's annual road aid grant.

### **REGIONAL INCENTIVE SEMINARS**

Starting December 31, 2010, the secretary must annually conduct or sponsor a seminar informing local officials about the costs and benefits of delivering services and purchasing goods regionally. In doing so, he must include, to the extent possible, the municipalities that have successfully delivered services and purchased goods regionally. The secretary must conduct these seminars within available appropriations.

### **REVALUATION DELAYS**

The bill allows the OPM secretary to postpone a revaluation under limited circumstances. By law, municipalities must revalue property at least once every five years. Many hire private real estate appraisal companies to value the property on their behalf. Those that must revalue property at the same time can reduce their costs by jointly hiring a company to revalue. But their ability to do so depends on the demand for revaluation services that year.

In these cases, the bill allows the secretary to grant up to two-year extensions to municipalities that cannot execute an interlocal agreement for private revaluation services because the companies are

too busy. A municipality's CEO must request an extension in writing accompanied by a letter from the other municipalities with whom it is negotiating the agreement. These letters must indicate the willing of the municipalities' CEOs to enter the agreement.

The secretary must send a notice to the municipality requesting the extension about his decision. If he grants the extension, he must send copy of the notice to CEO of each municipality that submitted letters on behalf of the municipality that requested the extension.

## **BACKGROUND**

### ***Interlocal Agreements***

The bill provides a quicker, alternative process for entering into an interlocal agreement than the two the law already provides. Both require legislative body approval. One gives municipalities blanket authority to perform any function they can perform individually. A participating municipality can approve the agreement the same way it adopts ordinances or, if it does not adopt ordinances, the same way it approves its annual budget (CGS § 7-148cc).

The other option allows municipalities to perform a specific, but long list of functions and services. The proposals must be submitted to each municipality's legislative body, which must hold at least one hearing on the proposal, consider changes, and approve or reject the final proposal. The law requires the agreement to address, among other things, (1) the maximum duration, (2) employee indemnification, and (3) dispute resolution (CGS §§ 7-339a – 339l).

### ***Related Bills***

SB 388 allows municipalities to delay for one year a revaluation they completed on October 1, 2008. The Planning and Development Committee favorably reported the bill on March 13. SB 997 allows municipalities to delay revaluations that must be implemented in 2008, 2009, or 2010 until 2011. The Finance, Revenue and Bonding Committee reported the bill favorably on March 24.

## **COMMITTEE ACTION**

## Planning and Development Committee

Joint Favorable

Yea    17        Nay    1        (03/13/2009)